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Revised Second Quarter 2003 Universal Service Contribution Factor

CC Docket No. 96-45

In this Public Notice, the Wireline Competition Bureau (Bureau) ¹revises the proposed universal service contribution factor for the second quarter of 2003 of 0.090044 or 9.0044 percent to be **0.091 or 9.1 percent** for that quarter.² The Bureau also announces that the adjusted circularity discount factor is **0.091489** for the second quarter of 2003.

On March 7, 2003, the Bureau released the Proposed Second Quarter 2003 Universal Service Contribution Factor, announcing a contribution factor of 0.090044 and a circularity factor of 0.081848.² On March 14, 2003, the Commission released **an Order and Second Order on Reconsideration**, which, *inter alia*, directed the Bureau to announce the universal service contribution factor as a percentage rounded **up** to the nearest tenth **of** one percent.³ The Commission also directed the Bureau to account for contribution factor rounding when calculating the circularity discount factor.⁴

¹ See 47 C.F.R. § 54.709(a).

² See *Proposed Second Quarter 2003 Universal Service Contribution Factor*, CC Docket No. 96-45, Public Notice, DA 03-689 (rel. March 7, 2003).

³ See *Federal-State Joint Board on Universal Service, 1998 Biennial Regulatory Review – Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990, Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, Number Resource Optimization, Telephone Number Portability, Truth-in-Billing and Billing Format*, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116, 98-170, Order and Second Order on Reconsideration, FCC 03-58, para. 22 (rel. March 14, 2003) (*Second Order on Reconsideration*). Although the *Second Order on Reconsideration* has not yet been published in the Federal Register and accordingly has not yet become effective, we expect it will be published before the start of the second quarter of 2003. Absent release of this Public Notice, the six-digit contribution factor announced on March 7, 2003 would be deemed approved by the Commission on March 21, 2003. However, the six-digit contribution factor would be inconsistent with the *Second Order on Reconsideration*. Therefore, the Bureau takes this limited action today to ensure the implementation of the *Second Order on Reconsideration* for the second quarter of 2003.

⁴ *Id*

We therefore announce a revised universal service contribution factor for the second quarter of 2003 of 0.091, or 9.1 percent. In order to ensure that total contribution amounts closely match revenue requirements for the universal service programs in the second quarter of 2003, we also announce an adjusted circularity discount factor of 0.091489 for the second quarter of 2003.⁵ The Universal Service Administrative Company (USAC) will determine each contributor's contribution obligation by multiplying the contributor's projected collected interstate and international revenues by the rounded contribution factor, and discounting the result by the adjusted circularity discount factor.⁶

For further information, contact Paul Garnett or Jon Secrest, Telecommunications Access Policy Division, Wireline Competition Bureau, at (202) 418-7400, TTY (202) 418-0484.

⁵ The adjusted circularity discount factor = $1 + [(\text{unrounded circularity discount factor} - 1) * (\text{unrounded contribution factor} / \text{rounded contribution factor})]$.

⁶ Thus, USAC will calculate each individual contributor's contribution in the following manner: $(\text{rounded contribution factor} * \text{contributor's projected collected revenues}) - (\text{adjusted circularity discount factor} * \text{rounded contribution factor} * \text{contributor's revenues})$. For example, a contributor with \$100,000 in projected collected interstate telecommunications revenues would contribute **\$8,267.45** for the second quarter of 2003 $((0.091 * \$100,000) - (0.091489 * 0.091 * \$100,000))$.